

### **Comments from supporters of The ARC-CO Improvement Act**

“The Agricultural Risk Coverage (ARC) program has been an important safety net program for producers since 2014. There are, however, a number of necessary improvements that will benefit farmers enrolled in the program. Data disparities among counties with similar soils and climates have been problematic, and state committees have not had the authority to review and correct such disparities when they arise. Senator Heitkamp’s bill would correct this issue going forward. NFU appreciates and supports this important step, and we look forward to working with the senator to ensure these changes are included in the next farm bill.”

- **Roger Johnson, President, National Farmers Union**

“Growers who are enduring tough times due to adverse weather and economic conditions, like drought and low commodity prices, deserve the certainty provided by programs like ARC-CO to know they can get support when they need it. The Farm Bill is an essential tool to guarantee that year after year, North Dakota’s growers can recover from setbacks and get back into their fields. Senator Heitkamp is a strong advocate for rural America and North Dakota’s farmers, and her bill to improve the ARC-CO program is an important step forward to supporting rural communities across our state no matter where they farm. We look forward to working with her to ensure the 2018 Farm Bill is as strong as possible for North Dakota’s grain growers.”

- **John Weinand, President, North Dakota Grain Growers Association**

“When corn prices drop and our growers face uncertain times, the ARC-CO and PLC programs help them stay on their feet and keeps our rural communities strong. Even in good years, it’s important to remember that flooding, drought, or other natural disasters could be just around the corner. We appreciate Senator Heitkamp’s efforts to protect to support our state’s farmers by working to improve ARC-CO and we look forward to working with her to make sure the 2018 Farm Bill works for North Dakota’s farmers.”

- **Carson Klosterman, President, North Dakota Corn Growers Association**

“As we work to enhance risk management tools and strengthen the farm safety net in the next Farm Bill, it’s important to renew and improve the ARC-CO program to work better for North Dakota’s soybean growers and make sure our farmers get the correct payments they deserve. We endorse Senator Heitkamp’s legislation to ensure our growers have a strong safety net when faced with a difficult growing season, and we’ll continue to work with her on efforts to give our farmers the tools and flexibility they need to thrive.”

- **Nancy Johnson, Executive Director, North Dakota Soybean Growers Association**

**October 24, 2017**

Senator Heidi Heitkamp  
516 Hart Senate Office Building  
US Senate  
Washington, DC 20510

Senator Joni Ernst  
111 Russell Senate Office Building  
US Senate  
Washington, DC 20510

Dear Senator Heitkamp and Ernst,

The following farm and commodity groups wish to express our appreciation and support for the legislation you introduced to improve the Agricultural Risk Coverage (ARC) program.

The bill accomplishes this goal by (a) directing USDA to use the more widely-available data from the Risk Management Agency (RMA) as the first choice in yield calculations; (b) calculating safety net payments based on a farm's physical location, rather than using the antiquated administrative county that may not be representative of a farmer's land; and (c) providing FSA state committees discretion to adjust yield data estimates to help reduce inexplicable variation between neighboring counties or along boundaries with neighboring States. Appropriate adjustments would be made prior to yields being finalized or published.

The 2014 Farm Bill allowed the U.S. Department of Agriculture (USDA) to determine how county yields would be established for the ARC program. USDA decided to use data sources via a cascade in the following priority order: National Agriculture Statistics Service (NASS), Risk Management Agency (RMA) and yields calculated by the state Farm Service Agency (FSA) office. NASS and RMA yield data comprise about 90 percent of the base acres enrolled in ARC-County (ARC-CO). The remaining 10 percent is compiled by the state FSA office.

It is important to note that a study conducted for the National Corn Growers Association on the impacts on payments to corn producers indicates that there is not likely to be a significant difference in the ARC-CO payments on a national basis simply due to changing the order in the cascade. A study by Dr. Keith Coble of Mississippi State University indicated similar results. There will be county winners and county losers.

What is important, however, is that the program would be based on more defensible data if RMA yields are used. We believe this is true because:

--only about 60 percent of producers return NASS surveys, so it is difficult to assume accuracy of the data;

--the NASS yield estimate comes from producer surveys and the RMA yield data comes from actual production history;

--there is no penalty for failure to fill out a NASS survey or misreport submitted information. However, farmers may face criminal penalties for filing an inaccurate crop production report for RMA; and

--RMA reports all its county yields as irrigated or non-irrigated yields whereas NASS does not.

We are also quite supportive of your provision to calculate ARC-CO payments using the ARC-CO payment rate for the county in which the land is physically located rather than the rate for the administrative county used by the farmer.

Farm operators that have land in multiple counties may handle all their FSA work administratively through one county (the administrative county). Farmers had two options for calculation of ARC-CO payments for 2014 and 2015. They could be paid on where the land was located or based on their administrative county. When ARC-CO payments are determined using the administrative county's payment rate for multi-county farms, ARC-CO payments may be higher or lower than if the payments were calculated using the payment rate for the county in which the land is physically located.

In early 2016, USDA made an administrative decision to allow ARC-CO participants with land physically located in a county with a higher ARC-CO payment than the administrative county to receive ARC-CO payments calculated according to the higher-paying county payment rate. USDA does not require ARC-CO participants with multi-county farms to be paid at the lower ARC-CO payment rate if any of the land in the farm is physically located in a lower-paying county than the administrative county.

Your final provision allows for providing FSA state committees discretion to adjust yield data estimates to help reduce inexplicable variation between neighboring counties or along boundaries with neighboring states. We heard far more about discrepancies between county payments than any other issue in the ARC program and believe this will make the program function even better in the future.

Again, we appreciate your leadership on these important issues and look forward to working with you to ensure they are included in the next farm bill.

Sincerely,

American Farm Bureau Federation  
American Soybean Association  
National Association of Wheat Growers  
National Barley Growers Association  
National Corn Growers Association

National Farmers Union  
National Sunflower Association  
USA Dry Pea & Lentil Council  
US Canola Association